

M e m o r a n d u m

To: Panel Members

Date: January 26, 2007

From: Dolores Kendrick, Manager

Analyst: M. Reeves

Subject: One-Step Agreement for **OMNI LOS ANGELES HOTEL AT CALIFORNIA PLAZA**

CONTRACTOR:

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
- Legislative Priorities: Moving To A High Performance Workplace
- Type of Industry: Services Convention/Conference Hotel
- Repeat Contractor: No
- Contractor's Full-Time Employees
 - *Worldwide:* 18,500
 - *In California:* 800
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

CONTRACT:

- Program Costs: \$196,800
- Substantial Contribution: \$0
- Total ETP Funding: \$196,800
- Total In-kind Contribution: \$198,000
 - *Trainee Wages Paid During Training:* \$198,000
 - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles

INTRODUCTION:

Omni Los Angeles Hotel at California Plaza (Omni) provides luxury accommodations and convention/conference resources to corporate business and upscale leisure travelers. Omni proposes to retrain 320 workers employed at its Los Angeles facility in the skills necessary to transition to a high performance workplace.

Omni has been determined eligible for ETP funding under the out-of-state competition provisions outlined in Title 22 California Code of Regulations, Section 4416 (g)(2), as a convention/conference hotel that derives at least 25 percent of its gross annual revenue from transient lodging or related services provided to out-of-state visitors to a convention, conference, or trade show.

MEETING ETP GOALS AND OBJECTIVES:

Omni proposes training that will further the following ETP goals and objectives:

- 1) Promote the growth of California's economy by stimulating convention business that would otherwise go to other states.
- 2) Provide workers with skills that prepare them for a high performance workplace.
- 3) Foster job retention in industries threatened by out-of-state competition.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1 Retrainee	MENU: Business Skills Computer Skills Continuous Improvement	320	24 - 120	0	\$615	*\$13.51 - \$38.37
Wages After 90-Day Retention						
<u>Occupation</u> Customer Service Staff Housekeeping Staff Lead Staff Marketing Staff Service Staff Support Staff Supervisor Manager						
<u>Health Benefits Used To Meet ETP Minimum Wage:</u> *Health Benefits of at least \$3.51 per hour may be added to the trainee's wages to meet the ETP minimum hourly wage of \$13.51 for Los Angeles County.				<u>Turnover Rate</u> 19%	<u>% Of Mgrs & Supervisors To Be Trained:</u> 14%	
<u>Other Employee Benefits:</u> Life Insurance, 401(k) Retirement Plan, Short-term and Long-term Disability, Employee Assistance Program, Bereavement Leave, Vacation, Holiday, Sick Leave.						

COMMENTS / ISSUES:

➤ *Frontline Workers*

All participants in this project meet the Panel definition of frontline workers under Title 22 California Code of Regulations, Section 4400(ee), except for 45 managers and supervisors who represent 14 percent of the trainee population.

➤ *Production During Training*

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

RECOMMENDATION:

Staff recommends that the Panel approve this project because the proposed training will provide frontline workers with the skills needed to support a high performance workplace. In addition, this training will help Omni improve its ability to attract conference/convention business that promotes the continued growth of California's economy.

NARRATIVE:

Omni Los Angeles Hotel at California Plaza is part of the Omni Hotels Corporation headquartered in Irving, Texas. Omni Hotels Corporation is owned by TRT Holdings, Inc., also located in Irving, Texas. Omni Hotels Corporation operates 39 luxury hotels and resorts throughout the United States, Canada, and Mexico. Omni has two additional hotels in California located in San Diego and San Francisco. This training proposal only targets workers from Omni's Los Angeles facility.

Located in the heart of downtown Los Angeles, Omni operates in an extremely competitive marketplace. In its attempt to attract out-of-state convention business and group planners, Omni is in direct competition with hotel chains such as Hilton, Marriott, and Starwood Hotels & Resorts.

The company has determined that it must raise its standard in order to maintain its competitive edge and continue to satisfy the expectations of its valued guests. To meet this challenge, Omni will be adding a new dimension to the hotel setting called the "Omni Cultural Experience." This concept involves enhancing the hotel and conference center atmosphere, improving guest support services, and developing effective employee teams by raising integrity and building trust. Another key component to Omni's corporate culture is its "The Power of One" concept which gives each of its associates the authority to make decisions in a positive, supportive environment. The company needs to expand this philosophy to all areas of customer service to improve the guest experience.

NARRATIVE: (continued)

According to company representatives, Omni Hotels received recognition by J.D. Power and Associates as one of the "Highest in Guest Satisfaction among Upscale Hotel Chains." To maintain its leadership position in the industry, Omni has added Internet commerce (eCommerce) to its marketing efforts. Omni must train its employees in the use of web-based technology in order to maximize the company's newly instituted eCommerce activities.

Consistency and innovation are the hallmarks of Omni Hotels. Accordingly, Omni plans to use in-house trainers to deliver most of the proposed training. Training will focus on process improvements, innovative software applications, effective communication, customer service, problem solving, decision-making, and team building.

Business Skills will be delivered to all occupations. Trainees will improve their interpersonal skills to allow them to communicate more effectively with internal customers and hotel guests. Trainees will learn to identify customer needs and resolve complaints to the full satisfaction of guests.

Computer Skills training will be provided to Customer Service Staff, Support Staff, Marketing Staff, Service Staff, Leads, Supervisors, and Managers. This training will equip workers with the skills to utilize multiple software applications in a computerized business environment. Key training modules include communication software (telecommunications programs that allow computers, phones, and Internet applications to exchange data), computerized inventory control, and web-based applications. These training modules will enable the company to expand its technology capabilities far beyond current levels.

Continuous Improvement training will be provided to all occupations. Trainees will learn to apply a team-oriented approach to solve problems and improve service quality. This training will allow Omni to implement vital process improvements using Kaizen and Total Quality Management techniques.

Commitment to Training

Omni representatives state that ETP funding will not displace the employer's resources for training. The company has had no formal training plan in place prior to this proposal. Omni's past training has consisted of new employee orientation, sexual harassment, and informal, on-the-job training. The company dedicates approximately \$50,000 annually to training, on an as needed basis, and will continue to provide this ongoing training during the term of the proposed ETP Agreement at its own expense.

Omni expects the proposed training to foster an improved corporate culture defined by employee empowerment, supreme customer service and high guest satisfaction. ETP funding will allow the company to deliver a broader scope of formal training to a larger population of frontline staff. At the completion of ETP-funded training, Omni plans to incorporate the most successful components of this training into its ongoing training efforts.

SUBCONTRACTORS:

National Training Company, Inc. (NTC), Irvine, California, will provide administrative services to Omni in connection with this proposal. By contractual arrangement between Omni and NTC, ETP funds will be used to pay for said services in the amount of \$25,000 or not to exceed 13 percent of payment earned, whichever is less.

THIRD PARTY SERVICES:

NTC, Irvine, California, assisted Omni in developing this proposal for a flat fee in the amount of \$5,000.

OMNI LOS ANGELES HOTEL AT CALIFORNIA PLAZA

MENU CURRICULUM

Class/Lab
Hours
24 – 120

Trainees will receive any of the following:

CONTINUOUS IMPROVEMENT

- Motivating Employees to Change
- Team Development Skills
- Peer Coaching
- Total Quality Management
- Team Member Differences
- Competency Model
- Resolving Service Problems
- Team Problem Solving
- Kaisen
- Best Work Practices

COMPUTER SKILLS

- Accounting Systems
- Synergy Computer Software
- Internal Customer Applications
- Computerized Inventory
- Product Types
- Intermediate/Advanced Excel and PowerPoint
- Communication Software
- Web-based Applications
- Marketing on the Web

OMNI LOS ANGELES HOTEL AT CALIFORNIA PLAZA

MENU CURRICULUM (continued)

BUSINESS SKILLS

- Identifying/Meeting Customer Needs
- Resolving Customer Complaints
- Putting the Customer First
- Interpersonal Skills
- Product Knowledge
- Marketing Techniques
- Accounting Skills
- Inventory Control
- Standard Operating Procedures
- Business Processes

Comment: The parties agree that the training identified in this Curriculum may be revised from time-to-time during the term of this Agreement at the request of Contractor and with the prior written approval of ETP. (See also Section 12 in this Agreement.)